

MISCELLANEOUS REGULATIONS

STATE OF NEVADA
GAMING CONTROL BOARD
INTERNAL AUDIT COMPLIANCE CHECKLIST

MISCELLANEOUS REGULATIONS

WALK-THROUGH PROCEDURES

For the walk-through procedures, indicate (by tickmark) whether the procedures were confirmed through inquiry of licensee personnel, via observation of procedures, or examination of a completed document.

Review prior internal audit reports. Schedule any relevant exceptions cited, including those cited by the GCB or the external auditor, or include a copy of the prior audit reports in the work papers and follow up on any problems noted. Duplication of exceptions when the external auditor is referring to exceptions reported in internal audit reports is not necessary.

Note W/P Ref.: _____

All “no” and “n/a” answers require an explanation and disposition (e.g., approval of alternative procedure granted by the Board, including computerized applications). All exceptions noted should be carried to the internal auditor’s report/summary of findings for timely follow-up.

Note W/P Ref.: _____

Scope

This checklist must be completed once in each fiscal year.

Regulation Waivers

Obtain copies of regulation waivers and GCB correspondence regarding such requests from appropriate property personnel. Review to determine status of evidence of any waivers or alternative requirements imposed by granted variations. Modify and/or perform additional procedures as applicable.

Date Approval Granted	Regulation	Description of Waiver Granted	Number(s) of Procedure Modified or Added	W/P Ref. (if appl.)

Note: Waivers need only be scheduled once. Refer to the work paper where the details are scheduled and complete the last two columns of the above grid if walk-through procedures are affected.

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	YES	NO	N/A	COMMENT, W/P REFERENCE	PERSON INTERVIEWED/ TITLE
Regulation 5.115 Periodic payments 1. Obtain the contracts (annuity, letter of credit, trust fund, etc.) which guarantee funding of the periodic payments. Have these contracts been approved by the Chairman of the Gaming Control Board or the Nevada Gaming Commission, as appropriate? Regulation 5.115(3)					
2. Are periodic payments made only for winnings which exceed \$100,000? Regulation 5.115(5)					
3. Are signs displayed on gaming devices or in each gaming/tournament/promotional area, as appropriate, indicating the amount or terms of the periodic payments? Regulation 5.115(7)					
4. Regarding any game, etc. where winnings are made via periodic payments, does all associated radio, television or print advertising indicate periodic payments are made? Regulation 5.115(7)					

E = Confirmed via examination/review
I = Confirmed via inquiry
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<p>Regulation 5.170 Programs to address problem gambling</p> <p>5. Has the licensee posted in conspicuous places in or near gaming areas, cage areas and cash dispensing machines located in gaming areas materials concerning the nature and symptoms of problem gambling and the toll-free telephone number of the National Council on Problem Gambling or a similar entity approved by the chairman of the Board that provides information and referral services for problem gamblers? Regulation 5.170(2)</p>					
<p>6. Has a training program been implemented for all employees who interact with patrons in gaming areas addressing problem gaming behavior? Regulation 5.170(3)</p>					
<p>7. Have personnel been designated as responsible for maintaining the program and addressing the types and frequency of training and procedures? Regulation 5.170(3)</p> <p>Indicate the title(s) of personnel involved.</p>					

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8. If the licensee issues credit, cashes checks or distributes promotional materials for gaming opportunities, has a program been established whereby patrons may self-limit their access to gaming? Regulation 5.170(4)					
9. Does the program include, as appropriate, the following elements: a. The development of written materials for dissemination to patrons explaining the program? Regulation 5.170(4)					
b. The development of written forms allowing patrons to participate in the program? Regulation 5.170(4)					
c. Standards and procedures that allow a patron to be prohibited from access to check cashing, the issuance of credit, and the participation in promotional activities? Regulation 5.170(4)					

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d. Standards and procedures that allow a patron to be removed from the licensee's direct mailing and other direct marketing regarding gaming opportunities at that licensee's location? Regulation 5.170(4)					
e. Procedures and forms requiring the patron to notify a designated office of the licensee within 10 days of the patron's receipt of any financial gaming privilege, material or promotion covered by the program? Regulation 5.170(4)					

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<p>10. Select one gaming employee (such as a dealer or a cage cashier) and pose the following question:</p> <p style="padding-left: 40px;">“If a patron were to tell you that he needed help in controlling his or her gambling, what resources would you direct him or her to?”</p> <p>Was the employee knowledgeable about the programs established at that property? Regulation 5.170(3)</p> <p>Indicate any remarks of significance made by the employee interviewed.</p>					
<u>Procedures Modified or Added</u>					

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TESTING PROCEDURES

OBJECTIVES: To determine compliance with miscellaneous regulations/statutes.

PREPARATION: Obtain the most recent Board issued "Listing of Individuals who have been Denied a Gaming License, been Found Unsuitable for Licensure or had a Gaming License or Finding of Suitability Revoked by the Nevada Gaming Commission". This listing should be obtained from appropriate property personnel. Be cognizant of these individuals in the performance of the various testing procedures. Agreements or contracts with these individuals are prohibited pursuant to **NRS 463.165**, unless prior Nevada Gaming Commission approval was received.

COMPLETION: Using your own work papers, document the completion of the procedures listed below. All exceptions noted should be carried to the internal auditor's report/summary of findings for timely follow-up. **Note W/P Ref.:** _____

SCOPE: See individual procedures.

NOTE: Only those documents of the operating licensee need be examined/reviewed.

	W/P Reference/Comments	Auditor's Initials/Date
1. Review prior internal audit reports. Schedule any relevant exceptions cited, including those cited by the GCB or the external auditor, or include a copy of the prior audit reports in the work papers and follow-up on any problems noted. Duplication of exceptions when the external auditor is referring to exceptions reported in internal audit reports is not necessary.		
Regulation 3.100 Employee Report 2. Obtain an updated copy of the Regulation 3.100 Employee Report and: a. From examination of correspondence files, reports, payroll registers, disbursement journals, minutes and observations of employee activities, determine if management employees fall under any of the categories to qualify as reportable employees and are included on the Employee Report.		

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b. For a sample of ten employees, review reports for completeness (includes name, position title, social security number and a complete list of those categories which apply to each employee).		
c. Determine that the Employee Report was properly submitted to the Board in a timely manner (on or before the 15 th of January or July, as appropriate).		
d. For corporations, determine that all officers and directors have been properly licensed or have filed for licensure pursuant to NRS 463.530 and NRS 463.540.		
e. For limited-liability companies, determine that all members have been licensed or have filed for licensure pursuant to NRS 463.5735.		
f. For partnerships, determine that all partners have been licensed or have filed for licensure pursuant to NRS 463.569.		
Regulation 5.160 Surveillance System 3. Obtain a copy of the current surveillance system plan and determine that the plan and any amendments to the plan: a. Have been submitted to the Board.		
b. Are identical to the surveillance system in operation.		

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<p>Regulations 6.040 and 6.060 Accounting Records and Retention</p> <p>4. For all records of all transactions pertaining to revenue that is taxable or subject to fees under chapters 463 and 464 of the NRS:</p> <p>a. Review procedures for document storage, retrieval, return and destruction.</p>		
<p>b. Perform an observation of storage facilities to determine adequacy of controls.</p>		
<p>c. If computerized or microfiche storage, determine that files are properly indexed by casino department and date.</p>		
<p>Regulation 6.050 Records of Ownership</p> <p>5. Determine the location and availability of the corporate, partnership or sole proprietorship, as applicable, records of ownership identified in Regulation 6.050.</p>		
<p>Regulation 6.110(1) Gross Revenue Computations</p> <p>6. Review the support to the NGC tax reports (e.g., revenue journal or general ledger accounts) and trace the amounts to the tax reports to ensure that revenue is properly reported for each month of the year.</p>		
<p>Regulation 6.110(2) Hopper Adjustments</p> <p>7. Obtain the supporting documentation for the adjustment to slot drop for the difference between the initial hopper loads and the total amount in the hoppers at fiscal year end. If no <u>adjustment</u> was made, determine the reasoning for this and perform steps 7a-c. If no <u>comparison</u> was made, cite a violation of Regulation 6.110(2).</p>		

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a. Determine that the general ledger hopper account balance is reasonable.		
b. Foot hopper test results and recalculate estimated hopper totals, comparing to general ledger account balance.		
c. Determine that the adjustment to slot drop is proper.		
Regulation 6.150 Minimum Bankroll		
8. Verify compliance with Regulation 6.150 by calculating the minimum bankroll requirements.		
Regulation 8.130 Transaction Reports		
9. Review the following documents for transactions which may be reportable pursuant to Regulation 8.130 . For those items determined to be reportable, trace to filings. Unless otherwise specified, documents generated during the fiscal year should be reviewed.		
a. Review loan, lease and contract files. Note: In conjunction with this review, be on the alert for finder's fees. Payment of finder's fees requires prior Nevada Gaming Commission approval pursuant to Regulation 5.120 .		

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<p>b. Review transactions greater than \$30,000 in the disbursements journal for a minimum of two months during the fiscal year. Transactions which may be reportable pursuant to Regulation 8.130 include:</p> <p>1) Leases and capital leases.</p> <p>2) Installment purchase contracts.</p> <p>3) Loans, mortgages and trust deeds.</p> <p>4) Accounts payable and accrued expenses due to unaffiliated persons where the payment terms or actual length of payments exceed 12 months.</p> <p>Note: For disbursements which involve dividend payments to owners or distributions to non-owners/key employees, determine compliance with NRS 463.160(1)(c).</p>		

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<p>c. Review records of receipt such as the cash receipts journal and cage accountability documents for a minimum of two months during the fiscal year. Transactions which may be reportable pursuant to Regulation 8.130 include:</p> <p>1) Tenant deposits.</p> <p>2) Capital contributions and loans by a person who is a stockholder, partner or proprietor of the company.</p> <p>Note: Be aware of payments by bonding companies for losses as a result of employee embezzlement or fraud, or payments from employees making restitution for cases of theft, fraud or embezzlement. For any entries related to embezzlements, review the associated security reports and ensure that the incidents were properly reported to the Board and any recoveries were included in gross gaming revenue, if appropriate.</p>		
<p>d. Review safekeeping deposits for a minimum of one month during the fiscal year. Deposits which may be reportable pursuant to Regulation 8.130 are those made by an individual owning, directly or indirectly, 10% interest in the company; commingled with company funds; left for more than 10 days; and aggregate to an amount greater than 25% of cash in the cage.</p>		

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<p>e. Review asset and liability accounts. Transactions which may be reportable pursuant to Regulation 8.130 include:</p> <p>1) Property donated.</p> <p>2) Conversions of accounts payable, accrued expenses or other liabilities to notes payable.</p> <p>3) Debts forgiven by a lender.</p> <p>4) Accruals of salary due to an individual directly or indirectly owning an interest in the company where the accrual period exceeds 90 days.</p>		
<p>Regulation 12.070 Redemption and Disposal of Discontinued Chips and Tokens</p> <p>10. Determine compliance with Regulation 12.070 for any chips or tokens which were discontinued during the previous fiscal year.</p>		
<p>License Conditions</p> <p>11. Determine compliance with any and all license conditions and commission orders.</p> <p>Note: License conditions are included on form NGC-9 sent to each casino annually by the Tax and License Division. Commission orders may be obtained from the Corporate Securities Division in Carson City.</p>		
<p>Compliance Committee</p> <p>12. If the licensee is required to maintain a compliance committee:</p> <p>a. Determine that the plan has been approved by the Gaming Control Board.</p>		

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b. Determine that procedures are in effect to fulfill the requirements of the plan.		
Internet 13. Review the company's website for regulatory and statutory noncompliance. Regulations 5.011 and 22 and NRS 465.091 to .094		
<u>Procedures Modified or Added</u>		